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OFFICE OF THE
EXECUTIVE SECRETARY

March 6, 2001

Mr. David Waddell
Tennessee Regulatory Authority
460 James Robertson Pkwy.
Nashville, TN 37243-0505

RE: *Generic Docket Addressing Rural Universal Service*
Docket 00-00523

Dear David:

Please be advised that BellSouth and certain Independent Companies/Cooperatives¹ have reached an agreement as to particular issues raised between the parties concerning our "Toll Settlement Agreements". As you know, BST, on July 31, 2000, gave notice to the Independent Companies/and Cooperatives that it was exercising its' rights to terminate the toll settlement agreements with all of the incumbent local exchange carriers in Tennessee (except Citizens Telecommunications). This termination was to have been effective on December 31, 2000. The Agency, on December 29, 2000, issued an Initial Order asserting jurisdiction and authority over the toll settlement agreements. The Initial Order also urged the Parties to continue the ongoing negotiations to resolve their differences, which the parties have done. This letter memorializes those negotiations and the agreement resulting therefrom.

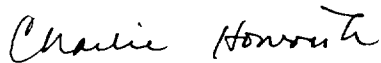
The agreement reached by the parties is as follows: 1.) The Intrastate IntraLATA modified revenue distribution fund (including access rates) will continue through December 31, 2001. The terms and conditions of such fund subsequent to January 1, 2002 will be subject to further negotiation and mutual agreement and subject, as required, to applicable orders at the TRA. It is anticipated that the parties will begin to discuss alternative compensation mechanisms in the near future. These agreements may differ among the parties depending on each company's particular circumstances, network configuration and individual business plans regarding the

¹ CenturyTel of Adamsville, Inc., CenturyTel of Claiborne, Inc., CenturyTel of Ooltewah-Collegedale, Inc., Ardmore Telephone Company, Humphries County Telephone Company, Tennessee Telephone Company, Concord Telephone Exchange, Highland Telephone Cooperative, Tellico Telephone Company, North Central Telephone Cooperative, Inc., United Telephone Company, Bledsoe Telephone Company, Yorkville Telephone Company, Twin Lakes Telephone Company, Ben Lomand Telephone Company, Loretto Telephone Company, Dekalb Telephone Company, Trenton Telephone Company and Ringgold Telephone Company.

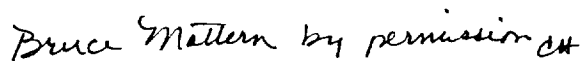
particular circumstances, network configuration and individual business plans regarding the handling of toll. 2.) The current rate for Intrastate IntraLATA billing and collection (including rating and recording) shall be reduced, from its present rate to 14 cents per message beginning January 1, 2001. Thereafter, on April 1, 2001 the rate shall be further reduced from 14 cents to message to 12 cents per message. The message rate of 12 cents per message shall continue for the remainder of 2001.

As stated above, we will be meeting with the referenced Independent Companies and Cooperatives during this year to resolve the outstanding issues. We will keep you apprised of the status of such negotiations. If you have any questions, please call Bruce Mottern at 865-671-4753 or me at 214-6520.

Sincerely,



Charles L. Howorth, Jr.



Bruce Mottern
on behalf of Independent Companies/Cooperatives